

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
Embargoed until: 0915 (Cape Town) / 0715 (UTC) August 2nd 2016

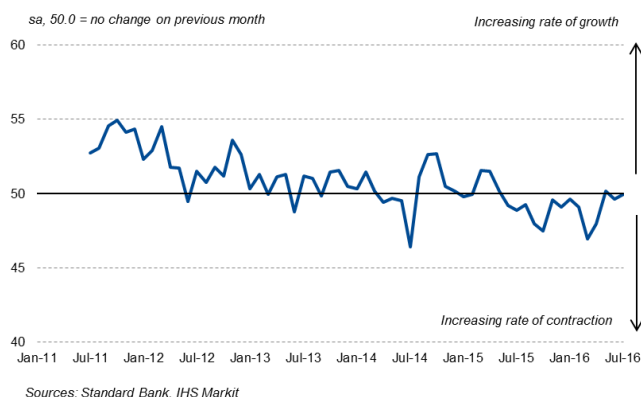
Standard Bank South Africa PMI™

PMI signals stabilisation of business conditions

Data collected 13-27 July

- Headline PMI up slightly from June's 49.6 to 49.9
- Employment and inventories increase, but new orders and output decline
- Input costs rise at slower pace

Standard Bank South Africa PMI



Latest survey results signalled a further decline in South African private sector output and the first drop in new business for three months. However, rates of contraction were marginal in both cases. Meanwhile, employment rose fractionally and companies recorded a second consecutive increase in inventories.

The PMI is a composite index, calculated as a weighted average of five individual sub-components: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

The seasonally adjusted Standard Bank South Africa PMI rose slightly from June's 49.6 to 49.9 in July, thereby pointing to a stabilisation of operating conditions. However, positive contributions to the headline PMI came only from the employment and inventory indices.

Commenting on July's survey findings, Kuvasha Naidoo, Economist at Standard Bank said:

"Despite the slight improvement in July's PMI to 49.9, the private sector continued to deteriorate, albeit, at a slower pace in the month.

"A main drag to July's PMI was the decline in new orders, which subtracted 0.1 points from the final index as it fell from expansion into contraction. While we acknowledge that domestic demand is weak, part of the decline in demand was from export markets which fell from a relatively strong rate of expansion into contraction. Notably, output (supply) remained in contraction.

"Positive contributions to the month's PMI stemmed from stocks of purchases, which rose at the fastest rate since April 2015 as well as a fractional improvement in employment.

"Overall input prices continued to rise, but at a slower rate, driven mainly by purchase costs as the pace of staff cost increases remained sticky. This also saw a moderation in the price increases passed onto consumers."

The main findings of the July survey were as follows:

Companies reported a fifteenth consecutive monthly fall in activity in July. However, the rate of decline was the weakest in this sequence and only fractional overall, with occasional mentions of improving demand conditions. That said, overall new business also declined during the month, thereby reversing marginal growth in the previous two months. Part of the drop in new orders was attributed by survey participants to lower demand from export markets.

Despite new orders declining slightly, companies added to their payrolls in July. The rate of job creation was fractional, however. Higher workforce numbers in turn helped firms to work through their backlogs, with business outstanding falling further.

In response to subdued demand, some businesses lowered their input buying activity in July. The rate of reduction was moderate, although slightly stronger than that seen in June. Nonetheless, pre-production inventories accumulated for the second month in a row.

Unfavourable exchange rates and higher raw material prices continued to exert upward pressure on overall input costs in July. The latest rate of inflation was the least marked since January, however, with both purchase prices and staff costs rising at weaker rates. Meanwhile, output prices also rose at a slower pace and delivery times improved marginally.

-Ends-

For further information, please contact:

Standard Bank:

Kuvasha Naidoo

Telephone +27-11-415-4183

Email Kuvasha.aidoo@standardbank.co.za

IHS Markit:

Oliver Kolodseike, Economist

Telephone +44-1491-461-003

Email oliver.kolodseike@ihsmarkit.com

Joanna Vickers, Corporate Communications

Telephone +44-207-260-2234

Email joanna.vickers@ihsmarkit.com

Note to Editors:

The Standard Bank South Africa Purchasing Managers' Index™ is based on data compiled from monthly replies to questionnaires sent to purchasing executives in approximately 400 private sector companies, which have been carefully selected to accurately represent the true structure of the South African economy, including mining, manufacturing, services, construction and retail. The panel is stratified by GDP and company workforce size. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The Purchasing Managers' Index™ (PMI™) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact economics@markit.com.

Standard Bank:

Standard Bank are a universal bank and full-service financial group offering transactional banking, saving, borrowing, lending, investment, insurance, risk management, wealth management and advisory services.

From our head office in Johannesburg, we have developed and refined our universal banking competencies while playing a central role in developing the sophisticated South African financial sector, in what is today a successful developing economy. Our deep roots in South Africa provide a strong base for our growth in Africa, and position us well to realise significant opportunities for clients doing business in these markets.

See more at: <http://www.standardbank.com/OurBusiness.aspx>

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2016 IHS Markit Ltd. All rights reserved.

About PMI

Purchasing Managers' Index® (*PMI*®) surveys are now available for over 30 countries and also for key regions including the eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/product/pmi.

The intellectual property rights to the Standard Bank South Africa PMI™ provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd.